

## Message Text

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PAGE 01 SINGAP 01607 140855Z  
ACTION OPIC-06

INFO OCT-01 EA-09 ISO-00 EB-08 COME-00 TRSE-00 CIAE-00  
INR-07 NSAE-00 /031 W  
-----141257Z 066858 /40  
R 140820Z APR 77  
FM AMEMBASSY SINGAPORE  
TO SECSTATE WASHDC 7551

UNCLAS SINGAPORE 1607

DEPARTMENT PLEASE PASS OPIC

E.O. 11652: N/A  
TAGS: EINV, SN  
SUBJECT: EVALUATION OF TECHNOLOGY TRANSFERS AND CONTRIBUTIONS IN KIND  
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SINGAPORE

REF: 76 STATE A-5760

### SUMMARY

THIS MESSAGE IS POST REPLY TO OPIC QUESTIONS REPAIR  
REGARDING POLICIES AND PROCEDURES USED BY HOST COUNTRY  
IN EVALUATING INVESTOR TECHNOLOGY TRANSFER AND CONTRIBUTIONS  
IN KIND. END SUMMARY.

### 1. TECHNOLOGY TRANSFERS:

GENERALLY, GOS INVESTMENT POLICY GIVES PRIORITY TO  
ATTRACTING HIGH TECHNOLOGY (AS OPPOSED TO LABOR INTENSIVE)  
ENTERPRISES. WHILE LEVEL OF TECHNOLOGY IS A MAJOR  
CONSIDERATION, OTHER FACTORS SUCH AS JOB CREATION,  
VERTICAL AND HORIZONTAL INTEGRATION WITH EXISTING  
INDUSTRIES, SIZE OF INVESTMENT, AND EXPORT MARKETS ARE  
ALSO TAKEN INTO CONSIDERATION. NO MECHANICAL EVALUATION  
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FORMULA IS EMPLOYED, EACH PROPOSED INVESTMENT IS  
CONSIDERED ON ITS MERITS. MAJOR "HIGH TECHNOLOGY"  
INDUSTRIES LISTED BY GOS FOR PRIORITY DEVELOPMENT  
INCLUDE METAL ENGINEERING AND MACHINERY, AEROSPACE  
ENGINEERING, ELECTRICAL/ELECTRONIC PRODUCTS, AND  
CHEMICALS AND PETROCHEMICALS. INVESTORS TRANSFERRING  
SIGNIFICANT NEW TECHNOLOGY IN THESE FIELDS ARE LIKELY

TO BE GRANTED POINEER INDUSTRY STATUS. DURATION OF THIS TAX-FREE STATUS IS NEGOTIABLE (FROM 5-10 YEARS) AND TECHNOLOGY CONTRIBUTION WILL PLAY A SIGNIFICANT ROLE IN LENGTH OF TAX-FREE STATUS GRANTED.

ONE SIGNIFICANT MEASURE OF TECHNOLOGY TRANSFER USE IS COMMITMENT AN INVESTOR MAKES TO INDUSTRIAL TRAINING. THIS CAN BE IN FORM OF ON-THE JOB SKILL TRAINING SUCH AS TOOL AND DIE MAKING, MECHANICS, PATTERN MAKING, HEAT TREATMENT, FORGING, ETC. TRAINING CAN BE EITHER IN SINGAPORE OR ABROAD. THE INVESTOR, IN APPLYING FOR POINEER STATUS, OUTLINES WHAT SKILLS WILL BE TRANSFERRED AS RESULT OF THE INVESTMENT AND STATES THE FIRM'S INDIVIDUAL COMMITMENT TO SKILL TRAINING.

TECHNOLOGY CONTRIBUTIONS ARE EVALUATED BY GOS EXPERTS EMPLOYED BY PROJECT DIVISIONS OF SINGAPORE ECONOMIC DEVELOPMENT BOARD. THESE INDIVIDUALS HAVE ENGINEERING BACKGROUNDS AND ARE FAMILIAR WITH CURRENT STATE OF THE ART IN THEIR SPECIALTIES. IN POST'S JUDGEMENT, THERE IS LITTLE LIKELIHOOD THAT GOS WOULD OVER-VALUE TECHNOLOGY, AND WE BELIEVE THAT, DESPITE RELATIVE INFORMALITY OF THE SYSTEM, CONFIDENCE IN HOST COUNTRY EVALUATION PROCEDURES IS WELL WARRANTED.

## 2. CONTRIBUTIONS IN KIND:

INTENDING INVESTORS ARE REQUIRED TO STATE ON THEIR UNCLASSIFIED

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APPLICATIONS WHAT EQUIPMENT WILL BE BROUGHT IN. IN PRELIMINARY GOS/COMPANY DISCUSSIONS, IT IS USUALLY UNDERSTOOD THAT THIS WILL BE NEW EQUIPMENT. HOWEVER, SINGAPORE IS FLEXIBLE; IT WILL ALLOW USED-EQUIPMENT, BUT SUCH EQUIPMENT MUST NORMALLY BE OF FAIRLY RECENT VINTAGE AND RELATIVELY HIGH TECHNOLOGY. IF USED EQUIPMENT IS AUTHORIZED, GOS WILL REQUEST FROM THE INVESTOR DOCUMENTATION AS TO ORIGINAL COST, AND AS ASSESSMENT OF CURRENT FAIR MARKET VALUE.

3. SINGAPORE INVESTMENT LAWS AND REGULATIONS ARE EXTREMELY GENERAL IN REGARD TO TECHNOLOGY AND CONTRIBUTIONS IN KIND, AND OF NO VALUE TO CURRENT OPIC EXERCISE.  
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## Message Attributes

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**Subject:** EVALUATION OF TECHNOLOGY TRANSFERS AND CONTRIBUTIONS IN KIND -- SINGAPORE  
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**Review Markings:**  
Margaret P. Grafeld  
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